

Bank ICBC (Joint Stock Company)

Condensed Interim Financial Statements
for the six months ended 30 June 2021,
prepared in accordance with IFRS

Bank ICBC (Joint Stock Company)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Board of Directors of Bank ICBC (Joint Stock Company):

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bank ICBC (Joint Stock Company) as at 30 June 2021 and the related condensed interim statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Other Matters

The financial statements of the Bank for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 27 April 2021.

The condensed interim financial statements of the Bank for the six months ended 30 June 2020 were reviewed by another auditor who issued an unmodified review report on the financial information on 31 August 2020.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements have not been prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.


Ekaterina V. Ponomarenko
Engagement Leader

27 August 2021



The Entity: Bank ICBC (Joint Stock Company)

The bank was registered by the Office of the Federal Tax Service for Moscow on August 30, 2007

Primary State Registration Number: 1077711000157

Address: 29 Serebryanicheskaya Nab., Moscow, 109028

Audit Firm: AO Deloitte & Touche CIS

Certificate of State Registration № 018.482 issued by the Moscow Registration Chamber on 30 October 1992.

Primary State Registration Number: 1027700425444

Certificate of Registration in the Unified State Register of Legal Entities series 77 No. 004840299, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation No. 39 on 13 November 2002.

Member of Self-Regulated Organization of Auditors "Sodruzhestvo" (Association), ORNZ 12006020384.

Bank ICBC (Joint Stock Company)

Condensed interim statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 (in thousands of Russian Rubles)

	Note	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Interest income calculated using the effective interest method	5	1 099 645	1 150 454
Other interest income	5	4 150	11 959
Interest expense	5	(592 859)	(491 413)
Net interest income	5	510 936	671 000
Change in allowance for expected credit losses on interest-bearing debt financial assets	7,8,10,11	(14 410)	3 566
Net interest income after change in allowance for expected credit losses		496 526	674 566
Net gains from transactions with foreign currencies and financial derivatives		362 432	204 469
Fee and commission income		47 446	41 110
Fee and commission expense		(10 586)	(7 984)
Net fee and commission income		36 860	33 126
Change in other reserves		3 677	(6 356)
Other operating income		13 843	13 704
Operating expenses	6	(467 246)	(449 056)
Profit before income tax		446 092	470 453
Income tax expense		(82 098)	(78 090)
PROFIT FOR THE PERIOD		363 994	392 363
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		363 994	392 363

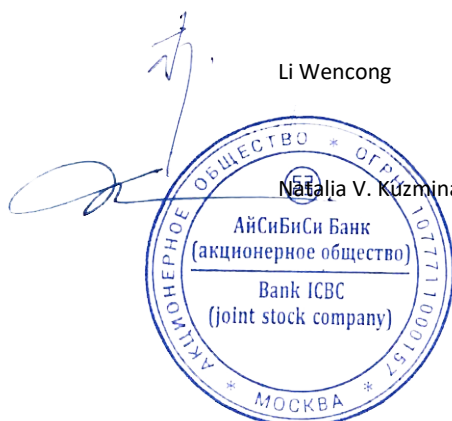
Signed on 27 August 2021

President

Li Wencong

Chief Accountant

Natalia V. Kuzmina



Bank ICBC (Joint Stock Company)

Condensed interim statement of financial position as at 30 June 2021 (in thousands of Russian Rubles)

	Note	30 June 2021 (unaudited)	31 December 2020
ASSETS			
Cash and cash equivalents	7	22 779 016	19 240 127
Obligatory reserves with the Central Bank of the Russian Federation		396 014	553 035
Amounts due from financial institutions	8	11 699 215	29 685 582
Financial assets measured at fair value	8,9	519 507	621 228
Loans and advances to customers	10	24 095 307	19 538 296
Investment securities	11	11 090 399	10 106 548
Property and equipment and intangible assets		321 346	373 111
Other assets		63 890	172 945
Total assets		70 964 694	80 290 872
LIABILITIES			
Amounts due to financial institutions	12	14 796 090	21 912 248
Amounts due to customers	13	34 050 905	35 471 260
Subordinated loans	14	8 720 147	8 904 058
Dividends declared	15	741 532	-
Other liabilities and reserves		459 293	1 429 041
Total liabilities		58 767 967	67 716 607
EQUITY			
Share capital and share premium	15	10 809 500	10 809 500
Retained earnings	15	1 387 227	1 764 765
Total equity		12 196 727	12 574 265
Total liabilities and equity		70 964 694	80 290 872

Signed on 27 August 2021

President

Li Wencong

Chief Accountant

Natalia V. Kuzmina



Bank ICBC (Joint Stock Company)

Condensed interim statement of changes in equity for the six months ended 30 June 2021 (in thousands of Russian Rubles)

	Note	Share capital and share premium	Retained earnings	Total equity
Balance as at 1 January 2020		10 809 500	2 076 890	12 886 390
Profit and total comprehensive income for the period (unaudited)		-	392 363	392 363
Dividends declared on ordinary shares (unaudited)	15	-	(1 176 742)	(1 176 742)
Balance as at 30 June 2020 (unaudited)		10 809 500	1 292 511	12 102 011
Balance as at 1 January 2021		10 809 500	1 764 765	12 574 265
Profit and total comprehensive income for the period (unaudited)		-	363 994	363 994
Dividends declared on ordinary shares (unaudited)	15	-	(741 532)	(741 532)
Balance as at 30 June 2021 (unaudited)		10 809 500	1 387 227	12 196 727

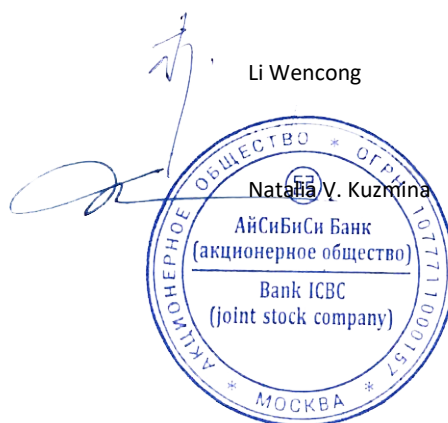
Signed on 27 August 2021

President

Li Wencong

Chief Accountant

Natalia V. Kuzmina



Bank ICBC (Joint Stock Company)

Condensed interim statement of cash flows for the six months ended 30 June 2021 (in thousands of Russian Rubles)

	Note	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Cash flows from operating activities			
Interest received		1 107 757	1 141 540
Interest paid		(607 462)	(532 514)
Fee and commissions received		47 446	41 110
Fee and commissions paid		(10 586)	(7 984)
Transactions with foreign currencies		492 894	(1 492 536)
Other operating income received		12 967	13 704
Operating expenses paid		(472 266)	(463 091)
Income tax paid		(150 897)	(102 578)
Cash flows from/(used in) operating activities before changes in operating assets and liabilities		419 853	(1 402 349)
Net change in obligatory reserves with the Central Bank of the Russian Federation		157 021	(205 633)
Net change in due from financial institutions		18 062 757	9 112 748
Net change in loans and advances to customers		(5 159 949)	(2 871 374)
Net change in other assets		97 274	18 507
Net change in due to financial institutions		(6 623 076)	(5 368 661)
Net change in due to customers		(1 175 823)	12 152 551
Net change in other liabilities		(787 357)	(20 392)
Net cash from operating activities		4 990 700	11 415 397
Cash flows from investing activities			
Purchase of investment securities		(1 001 998)	(5 096 095)
Proceeds from repayment of investment securities		-	6 663 971
Purchase of property and equipment and intangible assets		(12 083)	(1 298)
Net cash from/(used in) investing activities		(1 014 081)	1 566 578
Cash flows from financing activities			
Repayment of lease liabilities		(33 594)	(30 677)
Net cash used in financing activities		(33 594)	(30 677)
Effect of exchange rate changes on cash and cash equivalents		(404 136)	927 381
Net increase in cash and cash equivalents		3 538 889	13 878 679
Cash and cash equivalents at the beginning of the reporting period	7	19 240 127	7 682 672
Cash and cash equivalents at the end of the reporting period	7	22 779 016	21 561 351

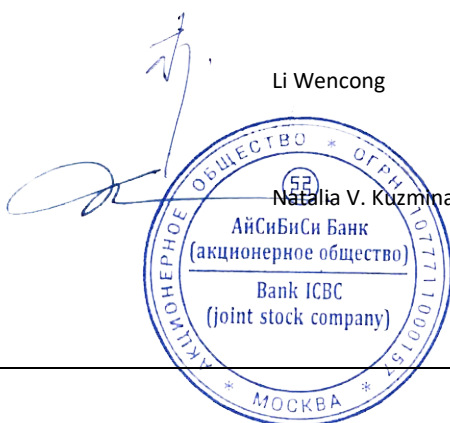
Signed on 27 August 2021

President

Li Wencong

Chief Accountant

Natalia V. Kuzmina



Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (in thousands of Russian Rubles)

1. Principal activity

Bank ICBC (Joint Stock Company) (the "Bank") was established in 2007.

The Bank's sole shareholder is Industrial and Commercial Bank of China Limited, the ultimate beneficiary of which is the People's Republic of China represented by the Ministry of Finance of the PRC.

The structure of the owners (shareholders) of the Bank is represented in the table below:

Owner (shareholder)	30 June 2021 (unaudited)	31 December 2020
Industrial and Commercial Bank of China Limited	100,00%	100,00%
Total	100,00%	100,00%

The Bank has the following licenses issued by the Central Bank of the Russian Federation (the "Bank of Russia"):

- General license No. 3475 issued on 26 January 2018;
- Brokerage operations, license No. 045-13990-100000 issued on 18 August 2016;
- Depository operations, license No. 045-13992-000100 issued on 18 August 2016;
- Dealing operations, license No. 045-13991-010000 issued on 18 August 2016.

The Bank is a member of a deposit insurance system, certificate No. 1009 dated 17 November 2016.

The principal activities of the Bank are the following: legal entities and individuals deposits taking (on demand and for a specific term); placement of attracted funds of legal entities and individuals on its behalf and for its own account; opening and maintenance of the bank's accounts of legal entities and individuals; settlements on behalf of legal entities and individuals including correspondent banks on their bank accounts; cash and settlement documents collections, providing cash services to individuals and legal entities; foreign exchange trading on a cash and non-cash basis; issuing bank guarantees; money transfers on behalf of individuals without opening bank accounts (except for postal transfer), professional services at the securities market.

The structure of the Bank operating in the Russian Federation includes:

- Branch of Bank ICBC (Joint Stock Company) in Saint Petersburg located at 12-14 Litera A, Khersonskaya Street, Saint Petersburg, 191024, Russian Federation;
- GREENWOOD supplementary office of Bank ICBC (Joint Stock Company) located at building 17, office and public complex of Greenwood JSC, 69th km of MKAD, Putilkovo settlement, Krasnogorsky District, Moscow Region, 143441, Russian Federation.

The Bank's principal place of business is Moscow, Russian Federation.

The Bank operates in an industry where significant seasonal or cyclical variations in operating income are not experienced during the financial year. However, since the results of the Bank's operations closely relate to and depend on changing in market conditions, the results of the Bank's operations for the Interim period are not necessarily indicative of the results for the year ending 31 December 2021.

The average number of employees during the six months period ended 30 June 2021 was 153 (during the six months period ended 30 June 2020: 153 employees).

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

2. Operating environment

The economy of the Russian Federation displays certain characteristics of an emerging market. Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political, social, legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Due to the fact that Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. In 2020, oil prices dropped significantly, which resulted in immediate depreciation of the Russian Ruble against major foreign currencies. The decrease in the CBR key rate from 6,25% as at 1 January 2020 to 5,5% as at 30 June 2021 was one of the reasons for a decrease in net interest income in 2021 and 2020. On 23 July 2021, the Bank of Russia increased the key rate to 6,5%.

Political situation and new packages of sanctions imposed by the US and the European Union against a number of Russian officials, businessmen and organizations continue to have a negative impact on the Russian economy.

Russian consumers and corporations continue to face increasing economic difficulties, which elevates the risk of default in the retail and commercial banking sectors. This operating environment has a significant impact on the Bank's operations and financial position. Management is taking necessary measures to ensure sustainability of the Bank's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could significantly differ from actual results.

In addition to that, since 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization (WHO) in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. COVID-19 has had a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantine of personnel, reduced demand and difficulties in raising financing.

Moreover, the effects of COVID-19 also appear in the form of its negative impact on the global economy and major financial markets.

Despite the fact that vaccination of the population began in 2021, the epidemiological situation remains uncertain. However, there is a recovery in most sectors of the economy, world prices for raw materials are stabilizing, and most companies are showing positive results in the first half of the year. Further economic recovery is closely related to the epidemiological situation and, as a result, to the degree of rigidity of restrictive measures.

At the moment, Russia does not apply strict quarantine measures. However, estimates of the scale and prospects for the end of the pandemic crisis have varied throughout the year, and today a high level of uncertainty remains. There remains high uncertainty about the speed of the global economic recovery, especially given the re-introduction by a number of countries of restrictive measures to prevent the spread of COVID-19, both due to the newly increasing number of diseases and the identification of new strains of the virus.

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

2. Operating environment (continued)

The Bank takes all necessary measures to maintain the sustainability of the business and its development in the current circumstances and taking into account possible risks.

Thus, taking into account the stable financial position of the Bank, it can be concluded that the current economic situation did not have a significant impact on the Bank's financial ratios in the first half of 2021.

3. Basis of preparation

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The financial statements are unaudited and do not include all the information and disclosures required for the complete financial statements prepared in accordance with IFRS and should be read in conjunction with the financial statements of the Bank for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual financial statements.

Basis of measurement

These condensed interim financial statements are prepared on the historical cost basis except for financial instruments at fair value.

Functional and presentation currency

The financial statements are presented in the national currency of the Russian Federation (Russian Ruble), which is the Bank's functional and presentation currency. Unless otherwise indicated, financial information is presented in thousands of Russian Rubles.

As at 30 June 2021 and 31 December 2020, the official exchange rate of the Bank of Russia to revalue the account balances in foreign currency was:

	30 June 2021	31 December 2020
USD	72,3723	73,8757
EUR	86,2026	90,6824
CNY	11,2070	11,3119

Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the reporting period in which the estimates are revised and in any future periods affected.

The same estimates and underlying assumptions have been applied in these condensed interim financial statements as those applied in the preparation of the Bank's financial statements for the year ended 31 December 2020.

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

3. Basis of preparation (continued)

Going concern

These condensed interim financial statements have been prepared on a going concern basis. The Bank has no intention or need to reduce substantially its business operations.

The management and shareholder have the intention to further develop the business of the Bank in the Russian Federation. The management believes that the going concern assumption is appropriate for the Bank due to its sufficient capital adequacy ratio and based on historical experience that short-term obligations will be refinanced in the normal course of business.

4. Accounting principles

The accounting principles, presentations and calculation methods applied in these condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2020.

Interim measurement period

Income tax expense is recognized in these condensed interim financial statements based on the management's best estimates of the weighted average effective annual income tax rate expected for the full financial year. Expenses that incur unevenly during the financial year are anticipated or deferred for the interim report only if it would also be appropriate to anticipate or defer such expenses at the end of the financial year.

Standards issued but not yet effective

The Bank has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New or revised standard or interpretation	Effective date
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities as current or non-current and disclosure of accounting policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of accounting estimates	1 January 2023
Amendments to IAS 16 Property and Equipment	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to (within the project for the formation of Annual Improvements to IFRS 2018-2020 cycles) IFRS 9 Financial Instruments	1 January 2022
Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting	1 January 2023
Amendments to IFRS 1, IFRS 9, IAS 41 and Illustrative Examples to IFRS 16 Annual Improvements to IFRS	1 January 2022
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The standards effective from 1 January 2021 were considered by the management of the Bank but have not had a material impact on the Bank's condensed interim financial statements:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16).

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

5. Interest income and expense

Interest income and expense comprised:

	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Interest income calculated using the effective interest method, including :	1 099 645	1 150 454
Loans to customers	443 481	580 386
Due from financial institutions	405 325	346 244
Investment securities	225 221	193 291
Factoring transactions	25 618	30 533
Other interest income, including :	4 150	11 959
Financial assets measured at FVTPL	4 150	11 959
Total interest income	1 103 795	1 162 413
Interest expense		
Due to customers	(422 480)	(253 943)
Subordinated loans	(138 861)	(124 275)
Due to financial institutions	(20 971)	(105 812)
Lease liabilities	(10 547)	(7 383)
Total interest expense	(592 859)	(491 413)
Net interest income	510 936	671 000

6. Operating expenses

Administrative and other operating expenses comprised:

	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Personnel expenses	(301 573)	(293 563)
Insurance	(41 926)	(38 576)
Depreciation	(40 691)	(51 591)
Expenses on plant and equipment (maintenance, repair, sale)	(24 640)	(10 516)
Taxes and fees other than income tax	(13 017)	(13 129)
Communication services	(10 415)	(9 363)
Expenses on the intellectual property license	(7 220)	(9 196)
Professional services	(6 101)	(10 706)
Security costs	(4 513)	(4 637)
Office expenses	(2 201)	(1 622)
Other	(14 949)	(6 157)
Operating expenses	(467 246)	(449 056)

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

7. Cash and cash equivalents

	30 June 2021 (unaudited)	31 December 2020
Cash on hand	44 511	42 393
Nostro accounts with CBR	6 477 127	2 419 559
Nostro accounts with other banks	16 257 505	16 778 546
External credit risk grading:		
-rated AA-	16 923	7 060
-rated from A- to A+	16 234 847	13 594 713
-rated from BBB- to BBB+	5 735	3 176 773
Total cash and cash equivalents before allowance for expected credit losses	22 779 143	19 240 498
Allowance for ECL	(127)	(371)
Total cash and cash equivalents	22 779 016	19 240 127

The "Nostro accounts with other banks" line item comprises cash balances placed in foreign banks primarily related to ICBC Group.

As at 30 June 2021 the Bank had three clients, other than the Bank of Russia, with balances on correspondent accounts exceeding 10% of "Cash and cash equivalents" (as at 31 December 2020: three clients). The total amount of their balances was RUB 15 531 316 thousand or 68,18% of "Cash and cash equivalents" (31 December 2020: RUB 16 731 085 thousand or 86,96%).

The movements in allowance for expected credit losses on cash and cash equivalents are presented below:

	30 June 2021 (unaudited) 12-month ECL	30 June 2020 (unaudited) 12-month ECL
Allowance for expected credit losses at the beginning of the period	(371)	(53)
Recovery of allowance	244	(17)
Allowance for expected credit losses at the end of the period	(127)	(70)

As at 30 June 2021 the Bank's cash and cash equivalents were included in Stage 1 of credit quality and were not overdue (31 December 2020: Stage 1 and not overdue).

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

8. Amounts due from financial institutions

Amounts due from financial institutions comprise loans (deposits) provided to counterparties by the Bank.

The following table provides information about the credit quality of due from financial institutions as at 30 June 2021 (unaudited):

	Time interbank loans and deposits	Security deposit of the payment system operator with the Bank of Russia	Other amounts due from financial institutions	Total amounts due from financial institutions
Deposits with the CBR	5 000 000	-	-	5 000 000
Due from the CBR	-	816 998	-	816 998
Amounts due from financial institutions measured at amortised cost				
External credit risk grading:				
-rated from BBB- to BBB+	432 265	-	653 474	1 085 739
-rated from BB- to BB+	1 447 590	-	3 373 317	4 820 907
Total amounts due from financial institutions before allowance for expected credit losses	6 879 855	816 998	4 026 791	11 723 644
Allowance for ECL	(10 253)	-	(14 176)	(24 429)
Total amounts due from financial institutions measured at amortised cost	6 869 602	816 998	4 012 615	11 699 215
Amounts due from financial institutions measured at FVTPL				
-rated from BBB- to BBB+	456 387	-	-	456 387
Total amounts due from financial institutions measured at FVTPL	456 387	-	-	456 387

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

8. Amounts due from financial institutions (continued)

The following table provides information about the credit quality of due from financial institutions as at 31 December 2020:

	Time interbank loans and deposits	Security deposit of the payment system operator with the Bank of Russia	Other amounts due from financial institutions	Total amounts due from financial institutions
Deposits with the CBR	16 001 835	-	-	16 001 835
Due from the CBR	-	816 998	-	816 998
Amounts due from financial institutions measured at amortised cost				
-rated from BBB- to BBB+	7 253 634	-	78 936	7 332 570
-rated from BB- to BB+	1 401 392	-	4 143 993	5 545 385
Total amounts due from financial institutions before allowance for expected credit losses	24 656 861	816 998	4 222 929	29 696 788
Allowance for ECL	(4 662)	-	(6 544)	(11 206)
Total amounts due from financial institutions measured at amortised cost	24 652 199	816 998	4 216 385	29 685 582
Amounts due from financial institutions measured at FVTPL				
-rated from BBB- to BBB+	621 228	-	-	621 228
Total amounts due from financial institutions measured at FVTPL	621 228	-	-	621 228

The “Time interbank loans and deposits” category includes amounts of claims on post-financing operations with letters of credit from Russian banks. As at 30 June 2021 these funds amounted to RUB 432 264 thousand (31 December 2020: RUB 494 687 thousand). Included in the “Other amounts due from financial institutions” category are balances of accounts with stock exchange of RUB 212 180 thousand (31 December 2020: RUB 34 689 thousand).

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements
for the six months ended 30 June 2021 (continued)
(in thousands of Russian Rubles)

8. Amounts due from financial institutions (continued)

Information about significant balances of amounts due from financial institutions held by the Bank but not available for use

The amount of material balances not available for use as at 30 June 2021 was RUB 816 998 thousand – a security contribution from a payment system operator (31 December 2020: RUB 816 998 thousand). The Bank is an operator of the ICBC payment system. Within this payment system, the Bank made a quarterly transfer of security deposits to the Bank of Russia. These funds are excluded from “Cash and cash equivalents” as the Bank has restrictions on their use in accordance with Article 82.5 of Federal Law No. 86-FZ dated 10 July 2002 *On the Central Bank of the Russian Federation (Bank of Russia)*.

As at 30 June 2021, the Bank had all amounts due from financial institutions in Stage 1 and they were not overdue (31 December 2020: all amount due from financial institutions in Stage 1 and not overdue).

The movements in allowance for credit losses on amounts due from credit institutions were as follows:

	30 June 2021 (unaudited) 12-minth ECL	30 June 2020 (unaudited) 12-month ECL
Allowance for expected credit losses at the beginning of the period	(11 206)	(10 772)
(Allowance)/ Reversal of allowance	(13 223)	7 177
Allowance for expected credit losses at the end of the period	(24 429)	(3 595)

As at 30 June 2021, the Bank had 2 counterparties, other than the Bank of Russia, with balances individually exceeding 10% of “Amounts due from financial institutions” (31 December 2020: 2 counterparties). The total amount of the balances of these counterparties was RUB 4 354 114 thousand or 37,22% of “Due from financial institutions” (31 December 2020: RUB 6 268 508 thousand or 43,82%).

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

9. Financial assets measured at fair value

	30 June 2021 (unaudited)	31 December 2020
Derivative financial instruments		
Contracts for the purchase and sale of foreign currency		
- rated from A- to A+	18 201	-
- not rated	44 919	-
Total financial instruments held by the Bank	63 120	-

	30 June 2021 (unaudited)			31 December 2020		
	Nominal amount	Fair value		Nominal amount	Fair value	
		Asset	Liability		Asset	Liability
Derivative financial instruments:						
Foreign currency						
Forwards	3 128 895	44 919	-	-	-	-
Swaps	4 849 717	18 201	-	-	-	-
Total derivative financial instruments	7 978 612	63 120	-	-	-	-

Financial assets at fair value represented by time interbank deposits in the amount of RUB 456 387 thousand as at 30 June 2021 (31 December 2020: RUB 621 228 thousand) are disclosed in Note 8.

10. Loans and advances to customers

	30 June 2021 (unaudited)	31 December 2020
Loans to corporate customers	24 207 311	19 645 095
External credit risk grading:		
-rated from BBB- to BBB+	3 921 340	3 158 800
-rated from BB- to BB+	12 150 354	11 213 614
Internal credit risk grading:		
-rated from AA- to AA+	6 660 812	3 574 619
-rated from A- to A+	1 457 406	1 680 908
- not rated	17 399	17 154
Loans to retail customers	90	90
Total loans and advances to customers before allowance for expected credit losses	24 207 401	19 645 185
Allowance for ECL	(112 094)	(106 889)
Total loans and advances to customers	24 095 307	19 538 296

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

10. Loans and advances to customers (continued)

As at 30 June 2021, the Bank had 5 counterparties with balances individually exceeding 10% of "Loans and advances to customers" (31 December 2020: 5 counterparties). The total amount of the balances of these counterparties was RUB 15 389 519 thousand or 63,87% of "Loans and advances to customers" (31 December 2020: RUB 14 136 830 thousand or 72,35%).

The core Bank's customers are primarily major Russian corporations.

The table below shows industry concentration of loans and advances to customers:

	30 June 2021 (unaudited)		31 December 2020	
	Amount	%	Amount	%
Oil and gas/Chemicals	9 201 935	38,01%	9 477 654	48,24%
Metallurgy	7 294 086	30,13%	2 937 719	14,95%
Communication and telecommunications	3 016 354	12,46%	3 817 136	19,43%
Forest and timber industry	2 600 926	10,75%	1 387 080	7,06%
Investment and financial activities	1 129 793	4,67%	1 205 796	6,14%
Transport	646 612	2,67%	775 934	3,95%
Trade and services	300 206	1,24%	26 622	0,14%
Other	17 399	0,07%	17 154	0,09%
Individuals	90	0,00%	90	0,00%
Total loans and advances to customers before allowance for expected credit losses	24 207 401	100,00%	19 645 185	100,00%
Allowance for ECL	(112 094)		(106 889)	
Total loans and advances to customers	24 095 307		19 538 296	

The table below shows reconciliations from opening to closing balances of allowance for expected credit losses by loans to customers measured at amortised cost.

Loans to customers measured at amortized cost	30 June 2021 (unaudited)		
	12-month ECL	Lifetime ECL – not credit-impaired	Total
Balance at 1 January 2021	(70 086)	(36 803)	(106 889)
Net change in allowance for expected credit losses	4 329	9 191	13 520
Purchased or originated financial assets	(29 826)	-	(29 826)
Fully repaid loans	15 049	-	15 049
Changes in currency rates and other changes	(2 434)	(1 514)	(3 948)
Balance at 30 June 2021	(82 968)	(29 126)	(112 094)

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

10. Loans and advances to customers (continued)

As at 30 June 2021, the gross carrying amount of loans in Stage 1 amounted to RUB 22 749 995 thousand, in stage 2 – RUB 1 457 406 thousand; there were no overdue loans (31 December 2020: Stage 1 – RUB 17 990 900 thousand, Stage 2 – RUB 1 654 285 thousand, no overdue loans).

The following information is provided as at 30 June 2020:

Loans to customers measured at amortized cost	30 June 2020 (unaudited)		
	12-month ECL	Lifetime ECL – not credit-impaired	Total
Balance at 1 January 2020	(176 724)	-	(176 724)
Transfer to Stage 2	3 153	(3 153)	-
Net change in allowance for expected credit losses	49 619	(35 653)	13 966
Purchased or originated financial assets	(16 082)	-	(16 082)
Fully repaid loans	5 918	-	5 918
Changes in currency rates and other changes	(14 452)	(5 227)	(19 679)
Balance at 30 June 2020	(148 568)	(44 033)	(192 601)

The effect of the significant changes in the gross carrying amount of financial instruments during the reporting period that contributed to changes in loss allowance was as follows:

- Repayment of loans by corporate customers in the amount of RUB 6 699 000 thousand during the first six months of 2021 contributed to decrease in ECL by RUB 15 049 thousand (during six months of 2020: RUB 3 618 000 thousand contributed to decrease by RUB 5 918 thousand).
- Loans issued to corporate customers in the amount of RUB 12 681 000 thousand during the first six months of 2021 contributed to increase in ECL by RUB 29 826 thousand (during six months of 2020: RUB 10 893 000 thousand contributed to increase by RUB 16 082 thousand).

11. Investment securities

	30 June 2021 (unaudited)	31 December 2020
Debt securities		
Russian government bonds and bonds of the Bank of Russia	7 821 568	6 825 598
- rated BBB-	7 821 568	6 825 598
Regional and municipal bonds	1 005 910	1 006 120
- rated BBB-	1 005 910	1 006 120
Bonds of foreign credit institutions	2 281 166	2 292 902
- rated from A- to A+	2 281 166	2 292 902
Total debt securities before allowance for expected credit losses	11 108 644	10 124 620
Allowance for ECL	(18 245)	(18 072)
Total investment securities	11 090 399	10 106 548

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

11. Investment securities (continued)

During 2021, the Bank has not invested funds in investment securities on non-market terms. As at 30 June 2021, all investment securities of the Bank were measured at amortized cost and included in Stage 1 of credit quality and were not overdue (31 December 2020: Stage 1 and not overdue).

Movements in allowance for expected credit losses on investment securities were as follows:

	30 June 2021 (unaudited) 12-month ECL	30 June 2020 (unaudited) 12-month ECL
Allowance for expected credit losses at the beginning of the period	(18 072)	(3 537)
Allowance	(173)	(7 396)
Allowance for expected credit losses at the end of the period	(18 245)	(10 933)

For more information about the fair value of investment securities refer to Note 17.

12. Amounts due to financial institutions

	30 June 2021 (unaudited)	31 December 2020
Correspondent accounts and overnight deposits with other banks	12 624 056	17 378 129
Time loans and deposits with other banks	2 172 034	4 534 119
Total amounts due to financial institutions	14 796 090	21 912 248

As at 30 June 2021, the Bank had 4 counterparties with balances individually exceeding 10% of "Amounts due to financial institutions" (31 December 2019: 3 counterparties). The total amount of balances of these counterparties was RUB 9 112 913 thousand or 61,59% of "Amounts due to financial institutions" (31 December 2020: RUB 15 253 017 thousand or 69,61%).

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

13. Amounts due to customers

	30 June 2021 (unaudited)	31 December 2020
Time deposits	26 253 887	25 423 321
Current and settlement accounts	6 928 371	9 247 718
Other deposits	460 619	167 885
Total deposits of legal entities	33 642 877	34 838 924
Other customer deposits	379 235	591 973
Total other customer deposits	379 235	591 973
Current accounts and demand deposits	18 105	29 461
Time deposits	10 688	10 902
Total deposits of individuals	28 793	40 363
Total amounts due to customers	34 050 905	35 471 260

The Bank has had a stable client base over the period of its operation, with the Russian branches of Chinese commercial and state-owned companies being key customers. The Russian clients of the Bank include major energy providers and trade companies from the SME segment.

As at 30 June 2021, the Bank had 2 counterparties with balances exceeding 10% of "Amounts due to customers" and totalling RUB 12 311 387 thousand, or 36,16% of "Amounts due to customers" (31 December 2020: 1 counterparty with a balance totalling RUB 7 245 952 thousand, or 20,43 % of "Amounts due to customers").

14. Subordinated loans

As at 30 June 2021, subordinated loans of RUB 8 720 147 thousand (31 December 2020: RUB 8 904 058 thousand) were represented by the loans received by the Bank from Industrial and Commercial Bank of China Limited, JSC, a parent company.

The loan of USD 50 000 thousand was granted in October 2013 for 10 years with a maturity in 2023. The loan agreement provides for a variable interest rate based on 6M Libor + 1.3%. According to the loan agreement, the subordinated debt is converted into common shares of the Bank in cases provided for by the regulations of the Bank of Russia.

The loan of USD 70 000 thousand was granted in February 2018 for 15 years with a maturity in 2033. The loan agreement provides for a variable interest rate based on 6M Libor + 1.3%. According to the loan agreement, the subordinated debt is converted into common shares of the Bank in cases provided for by the regulations of the Bank of Russia.

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

15. Share capital and share premium

	Number of shares	Par value	Nominal value
31 December 2020	432 380	25	10 809 500
30 June 2021 (unaudited)	432 380	25	10 809 500

In accordance with the Russian legislation, dividends may only be distributed from accumulated retained earnings reported in the Bank's financial statements prepared in accordance with the Russian Accounting Standards (RAS). In 2020, profit of the Bank under RAS were RUB 867 289 thousand, with the Annual Shareholder Meeting approving a dividend payment of RUB 741 532 thousand by Decision No. 31 of 29 June 2020 (In 2019, profit of the Bank under RAS were RUB 1 238 676 thousand, with the Annual Shareholder Meeting approving a dividend payment of RUB 1 176 742 thousand by Decision No. 29 of 29 June 2020).

16. Provisions, contingent liabilities and contingent assets

Insurance

The Russian insurance industry is an emerging market, with many forms of insurance coverage, which are common in other countries, not yet generally available in Russia. The Bank does not have full insurance coverage for its premises and equipment, business interruptions, or third party liability that may result from property or environmental damage due to accidents arising from the use of the Bank's property or relating to the Bank's operations.

Litigations

In the ordinary course of business, the Bank may become a party to various legal actions or complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or the results of future operations of the Bank.

Tax legislation

The taxation system in the Russian Federation continues to develop and is characterised by frequent changes affecting legislation, official pronouncements and court decisions, which may be retroactive or contain contradictory statements subject to varying interpretations by tax authorities. Taxes are subject to review and investigation by authorities that may impose significant fines and interest charges. A tax year generally remains open to a review by the tax authorities for three subsequent calendar years. However, a tax year may remain open for a longer period under certain circumstances. Recent developments in the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

Russian legal entities must file tax returns with tax authorities. For the first six months of 2021 and 2020, the income tax rate for income other than income from government securities was 20% for banks and companies. For the first six months of 2021 and 2020, the income tax rate for transactions with government securities was 15%.

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

16. Provisions, contingent liabilities and contingent assets (continued)

Income tax expense for the six-month periods of 2021 and 2020 was RUB 82 098 and RUB 78 090 respectively. The Bank's budget for 2021 includes the approved income tax estimate for 2021. Based on the six-month period of 2021, the actual income tax expense did not exceed approved income tax estimate.

As at 30 June 2021, deferred tax assets were RUB 26 291 thousand (31 December 2020: RUB 35 645 thousand). The recognition of deferred tax assets as at 30 June 2021 was mainly due to different accounting treatment of property and equipment, including right-of-use assets, as well as differences in financial assets measured at amortized cost.

The excess of IFRS allowance for expected credit losses over the reserves deductible for the purpose of current income tax also provides a basis for the recognition of deferred tax assets as at 30 June 2021.

Management believes that the Bank has assessed or paid all statutory taxes. As for transactions involving uncertainty related to taxes other than income tax, the Bank has assessed tax liabilities based on the best estimate of a probable outflow of resources required to settle such tax liabilities. Potential liabilities identified as at the reporting date which are regarded by management as liabilities arising from differences in the interpretation of the tax rules and legislation are not recognized as part of the financial statements.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer when required. Guarantees, which represent irrevocable commitments from the Bank to make payments where a customer cannot meet its obligations towards third parties, carry the same credit risk as loans. Documentary letters of credit represent written commitments assumed by the Bank to make payments on behalf of a customer under certain terms and conditions within an established limit. Such letters of credit are collateralized by the underlying shipments of goods or cash deposits and, therefore, carry less risk than direct borrowings.

The Bank's outstanding credit related commitments are as follows:

	30 June 2021 (unaudited)	31 December 2020
Unused credit lines and overdraft limits	7 501 817	13 137 454
Guarantees issued	3 373 179	4 727 825
Other commitments	1 872 263	2 549 353
Letters of credit	337 611	961 400
Total credit related commitments	13 084 870	21 376 032
Allowance for expected credit losses	(8 259)	(11 933)
Total credit related commitments	13 076 611	21 364 099

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

16. Provisions, contingent liabilities and contingent assets (continued)

Movements in the allowance for expected credit losses on credit related commitments (unused credit lines and letters of credit) are as follows:

	30 June 2021 (unaudited) 12-month expected credit losses	30 June 2020 (unaudited) 12-month expected credit losses
Allowance for expected credit losses at the beginning of the period	(11 933)	(1 182)
Recovery / (Charge) for the period	3 674	(6 603)
Allowance for expected credit losses at the end of the period	(8 259)	(7 785)

As at 30 June 2021, all unused credit lines and letters of credit were at Stage 1 of credit quality (31 December 2020: Stage 1 of credit quality).

17. Fair value of financial instruments

Fair value is the amount for which an asset or a liability could be exchanged between knowledgeable, willing parties in an arm's length transaction. The best evidence of a fair value is the price of a financial instrument quoted in an active market.

The Bank determined the estimated fair value of financial instruments using available market information, if any, and appropriate valuation methodologies. However, interpreting market data for the purpose of determining a fair value requires taking professional judgment. While the Russian Federation has investment grade ratings, the country continues to exhibit some characteristics of an emerging market, with economic conditions continuing to limit activity in the financial markets. Market quotations may be outdated or reflect transactions at lower prices. As a result, such quotations may not reflect the fair value of financial instruments. Management uses all available market information when estimating the fair value of financial instruments.

The fair value approaches in these condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2020.

The fair value of financial instruments as at 30 June 2021 (unaudited data) and 31 December 2020 is as follows:

	30 June 2021 (unaudited)		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Amounts due from financial institutions	11 699 215	11 626 324	29 685 582	29 582 714
Loans and advances to customers	24 095 307	23 850 413	19 538 296	20 045 831
Investment securities	11 090 399	11 010 093	10 106 548	10 145 580
Amounts due to financial institutions	14 796 090	14 792 889	21 912 248	21 072 583
Amounts due to customers	34 050 905	31 154 591	35 471 260	35 410 111
Subordinated loans	8 720 147	7 953 007	8 904 058	8 350 858

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Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

17. Fair value of financial instruments (continued)

The tables below analyse the financial instruments that are subsequently measured at amortized cost. The analysis is based on the fair value hierarchy and presented as at 30 June 2021 and 31 December 2020.

	30 June 2021 (unaudited)			Total
	Level 1	Level 2	Level 3	
Amounts due from financial institutions	-	-	11 626 324	11 626 324
Loans and advances to customers	-	-	23 850 413	23 850 413
Investment securities	11 010 093	-	-	11 010 093
Amounts due to financial institutions	-	-	14 792 889	14 792 889
Amounts due to customers	-	-	31 154 591	31 154 591
Subordinated loans	-	-	7 953 007	7 953 007

	31 December 2020			Total
	Level 1	Level 2	Level 3	
Amounts due from financial institutions	-	-	29 582 714	29 582 714
Loans and advances to customers	-	-	20 045 831	20 045 831
Investment securities	10 145 580	-	-	10 145 580
Amounts due to financial institutions	-	-	21 072 583	21 072 583
Amounts due to customers	-	-	35 410 111	35 410 111
Subordinated loans	-	-	8 350 858	8 350 858

	30 June 2021 (unaudited)			Fair value (Level 3)
	Carrying amount	Fair value (Level 1)	Fair value (Level 2)	
Financial assets at fair value through profit or loss				
Amounts due from financial institutions	456 387	-	-	456 387
Financial derivatives	63 120	-	63 120	-

Fair value of financial instruments as at 31 December 2020 is as follows:

	31 December 2020		Fair value (Level 3)
	Carrying amount	Fair value (Level 1)	
Financial assets at fair value through profit or loss			
Amounts due from financial institutions	621 228	-	621 228

The fair value of other financial assets and liabilities as at 30 June 2021 (unaudited data) and 31 December 2020 generally approximates their carrying amount.

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

17. Fair value of financial instruments (continued)

Except as detailed in the table below, management believes that the carrying amounts of financial assets and financial liabilities recognized in the condensed interim financial statements approximate their fair values.

To measure the fair value of financial instruments recognized in the condensed interim statement of financial position, the Bank applies the hierarchy of fair value measurements while also considering the significance of data used for fair value measurements.

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. These are inputs (adjustable) that are directly or indirectly observable for financial instrument, except for price quotations categorised as Level 1;
- Inputs of Levels 1 and 2 are observable data for a financial instrument under valuation;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This category covers all instruments for which the valuation technique is based on inputs other than publicly available data, with such publicly available data having a significant effect on the instrument valuation. The Bank includes instruments that are valued based on quoted prices for similar instruments where significant adjustments or judgements, which are not publicly available, are required to reflect differences between the instruments.

The fair value of financial assets at fair value through profit or loss was calculated by discounting a weighted average market rate that was equal to the placement rate under the contract at initial recognition.

Movements in the fair value of amounts due from financial institutions measured at fair value through profit or loss for the six-month periods ended 30 June 2021 and 2020 are as follows:

	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Fair value at 1 January	621 228	783 509
Loans repaid	(161 330)	(156 575)
Interest income accrued	4 150	11 959
Interest income paid	-	(15 105)
Effect of foreign currencies revaluation	(7 661)	112 731
Fair value at 30 June	456 387	736 519

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

17. Fair value of financial instruments (continued)

In determining the fair value of financial instruments as at 30 June 2021, management of the Bank made the following assumptions:

- When discounting future cash flows from financial institutions, the Bank may apply a weighted average (average market) interest rate, a mean value between the maximum interest rates, or a mean value between the minimum and maximum market rates (depending on the type of instrument). Since inputs used to determine a market rate for trade finance transactions, including risk sharing, are classified as unobservable (Level 3), the Bank applies its own assumptions to market rates:
 - Cost of resources for the Bank quoted by the Bank Treasury, a participating bank or other financing banks at the time of transaction negotiation + the Bank's margin of 0.15%-3.00% p.a. irrespective of a transaction currency. The rate depends on the timing and volume of a transaction, as well as on the assessment of the financial position of a counterparty.

The table below provides details related to significant unobservable inputs used to measure financial instruments categorised as Level 3 in the fair value hierarchy as at 30 June 2021 (unaudited) and 31 December 2020:

Instrument type	Fair value	Valuation technique	Significant unobservable input	Unobservable inputs
Amounts due from financial institutions measured at fair value through profit or loss	456 387	Discounted cash flows from operating activities	Risk-adjusted discount rate	Cost of resources for the Bank + the Bank's margin of 0.15%-3.00% p.a. irrespective of a transaction currency

Instrument type	Fair value	Valuation technique	Significant unobservable input	Unobservable input
Amounts due from financial institutions measured at fair value through profit or loss	621 228	Discounted cash flows from operating activities	Risk-adjusted discount rate	Cost of resources for the Bank + the Bank's margin of 0.15%-3.00% p.a. irrespective of a transaction currency

An increase/decrease by 1% in the discount rates would reduce/increase the fair value of these instruments as at 30 June 2021 by RUB 4 564 thousand (31 December 2020: RUB 6 212 thousand).

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

18. Related party transactions

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control or exercise a significant influence over the other party when making financial and operational decisions as defined by IAS 24 *Related Party Disclosures*. In analysing a related party relationship, the Bank pays attention to the substance of such relationship and not merely the legal form.

In disclosing information about related parties, the Bank considers four categories of related parties:

1. Industrial and Commercial Bank of China Limited JSC, a parent company. The Government of the People's Republic of China is the party with the ultimate control over the Bank.
2. Companies in the ICBC Group, which are members of the financial group of Industrial and Commercial Bank of China Limited JSC.
3. The Bank's key management personnel that can include an individual or a close family member of the individual who is part of the Bank's key management personnel.
4. Other companies that are parties under influence of the Chinese governmental bodies that have control, joint control or significant influence on other parties and the Bank, except for ICBC Group companies included in the other categories.

In the reporting period, the Bank actively cooperated with Industrial and Commercial Bank of China Limited JSC, a parent company that is a shareholder of the Bank, its branches and subsidiaries operating in the interbank lending market, trade finance, foreign currency purchase and sales transactions (including the CNY/RUB currency pair). The Bank entered into transactions with related parties on the same terms and conditions as with unrelated parties.

As at 30 June 2021, the Bank's related parties were as follows:

Key management personnel of the Bank:

Name	Role	Functions
Li Wencong	President	Management
Igor G. Titlin	Vice-President	Management
Wang Gang	Vice-President	Management
Natalia V. Kuzmina	Chief Accountant	Management
Shao Changyong	Vice-President	Management

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements for the six months ended 30 June 2021 (continued) (in thousands of Russian Rubles)

18. Related party transactions (continued)

Transactions with the Bank's key management personnel

Total remuneration included in operating expenses is as follows:

	30 June 2021 (unaudited)		30 June 2020 (unaudited)	
	Total expenses accrued	Share, %	Total expenses accrued	Share, %
Wages and salaries	26 631	73,02%	22 206	66,71%
Long-term benefits	8 565	23,49%	3 354	10,08%
Bonuses	1 274	3,49%	7 726	23,21%
Including payroll-related taxes and deductions	3 880	-	3 891	-
Total	36 470	100%	33 286	100%

The amounts above include cash remuneration for the members of the Board of Directors and the Management Board.

The outstanding balances and the average effective interest rates as at 30 June 2021 and 31 December 2020 for transactions with the members of the Board of Directors and the Management Board are as follows:

Key management	30 June 2021 (unaudited)		31 December 2020	
	Carrying amount	Average effective interest rate, %	Carrying amount	Average effective interest rate, %
LIABILITIES				
<i>Amounts due to customers</i>				
Current and settlement accounts	32	-	-	-
Other liabilities and reserves	14 802	-	16 969	-
Total liabilities	14 834	-	16 969	-

The amounts included in profit or loss for transactions with the members of the Board of Directors and the Management Board are as follows. The profits presented below were generated from conversion transactions.

	30 June 2021 (continued)	30 June 2020 (continued)
Net gains from transactions with foreign currencies and financial derivatives	23	44

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements
for the six months ended 30 June 2021 (continued)
(in thousands of Russian Rubles)

18. Related party transactions (continued)

The outstanding balances and the related average effective interest rates as at 30 June 2021, as well as related income and expenses on transactions with related parties for the six-month period of 2021 (unaudited) are as follows:

	Parent company		Companies in ICBC Group		Other companies		Total
		Average effective interest rate		Average effective interest rate		Average effective interest rate	
Statement of financial position							
Cash and cash equivalents	686 375	0,99%	11 383 291	0,85%	5 623	0,10%	12 075 289
Financial assets at fair value	-		18 201		44 919		63 120
Loans and advances to customers	-		-		313 774	5,10%	313 774
Investment securities	-		-		2 280 267	3,06%	2 280 267
Fixed assets and intangible assets	-		-		24 590		24 590
Other assets	-		3 182		830		4 012
Total assets	686 375		11 404 674		2 670 003		14 761 052
Amounts due to financial institutions	1 899 473	0,12%	2 172 034	0,35%	28 723	1,83%	4 100 230
Amounts due to customers	-		-		26 575 331	3,22%	26 575 331
Subordinated loans	8 720 147	1,51%	-		-		8 720 147
Dividends declared	741 532		-		-		741 532
Other liabilities	-		25 036		53 542		78 578
Total liabilities	11 361 152		2 197 070		26 657 596		40 215 818

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements
for the six months ended 30 June 2021 (continued)
(in thousands of Russian Rubles)

18. Related party transactions (continued)

	Parent company	Companies in ICBC Group		Other companies		Total
	Average effective interest rate		Average effective interest rate		Average effective interest rate	
Off-balance sheet assets and liabilities						
Guarantees received	-	1 363 665	0,29%	1 950 548	0,20%	3 314 213
Guarantees issued	-	1 363 665	0,29%	1 950 548	0,20%	3 314 213
Statement of profit or loss and other comprehensive income						
Interest income	3 434	56 411		44 270		104 115
Interest expense	(69 716)	(15 312)		(355 147)		(440 175)
Change in allowance for expected credit losses on interest-bearing debt financial assets	14	(1)		(59 974)		(59 961)
Net gains from transactions with foreign currencies and financial derivatives	117 621	546 303		33 411		697 335
Fee and commission income	37	5 781		38 492		44 310
Fee and commission expense	(232)	(416)		(568)		(1 216)
Other operating income	-	620		2 519		3 139
Operating expenses	-	(176)		(2 903)		(3 079)

Net (loss) gains from transactions with foreign currencies and financial derivatives are represented by the financial results from foreign exchange swap transactions entered into to manage foreign exchange risk.

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements
for the six months ended 30 June 2021 (continued)
(in thousands of Russian Rubles)

18. Related party transactions (continued)

The outstanding balances and the related average effective interest rates as at 31 December 2020, as well as related income and expenses on transactions with related parties for the six-month period of 2020 (unaudited) are as follows:

	Parent company		Companies in ICBC Group		Other companies		
		Average effective interest rate		Average effective interest rate		Average effective interest rate	Total
Statement of financial position							
Cash and cash equivalents	2 355 595	0,87%	11 216 180	0,72%	25	0,40%	13 571 800
Amounts due from financial institutions	-		-		16 433	6,75%	16 433
Investment securities	-		-		2 291 994	3,15%	2 291 994
Fixed assets and intangible assets	-		-		31 635		31 635
Other assets	-		1 976		409		2 385
Total assets	2 355 595		11 218 156		2 340 496		15 914 247
Amounts due to financial institutions	4 274 073	0,05%	4 557 575	(0,41%)	1 494 922	0,28%	10 326 570
Amounts due to customers	-		-		26 574 451	3,29%	26 574 451
Other liabilities and reserves	72		31 469		61 275		92 816
Subordinated loans	8 904 058	1,58%	-		-		8 904 058
Total liabilities	13 178 203		4 589 044		28 130 648		45 897 895
Off-balance sheet assets and liabilities							
Guarantees received	-		1 408 781	0,26%	3 550 548	0,20%	4 959 329
Guarantees issued	-		1 408 781	0,26%	3 261 371	0,20%	4 670 152
Statement of profit or loss and other comprehensive income							
Interest income	45 607		2 197		15 214		63 018
Interest expense	(125 304)		(20 077)		(138 887)		(284 268)

Bank ICBC (Joint Stock Company)

Notes to the condensed interim financial statements
for the six months ended 30 June 2021 (continued)
(in thousands of Russian Rubles)

18. Related party transactions (continued)

	Parent company		Companies in ICBC Group		Other companies		
		Average effective interest rate		Average effective interest rate		Average effective interest rate	Total
Change in allowance for expected credit losses on interest-bearing debt financial assets	10	-	(73)	-	14 903	-	14 840
Net gains (loss) from transactions with foreign currencies and financial derivatives	(252 873)	-	(1 331 560)	-	7 249	-	(1 577 184)
Fee and commission income	1 469	-	5 006	-	43 047	-	49 522
Fee and commission expense	(72)	-	(1 189)	-	(28)	-	(1 289)
Other operating income	-	-	-	-	469	-	469
Operating expenses	-	-	-	-	(2 780)	-	(2 780)

President

Li Wencong

Chief Accountant

Natalia V. Kuzmina

